

Message Text

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PAGE 01 TOKYO 04529 050816Z

13

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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P R 050650Z APR 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 1088

INFO AMEMBASSY MOSCOW

AMEMBASSY TAIPEI

AMCONSUL HONG KONG

USLO PEKING

C O N F I D E N T I A L TOKYO 4529

EXDIS

E.O. 11652 XGDS

TAGS: ENRG, PFOR, JA, CH

SUBJ: REPORT OF PRC AGREEMENT TO EXPORT LARGE QUANTITIES OF OIL
TO JAPAN

REF: TOKYO 4397 (NOTAL)

SUMMARY: EMBASSY HAS RECEIVED UNCONFIRMED REPORT THAT
PRC HAS INFORMALLY AGREED TO SUPPLY TO JAPAN 10 MILLION TONS
OF CRUDE OIL IN 1975 AND EXPECTS TO RAISE THIS AMOUNT TO
30-40 MILLION TONS ANNUALLY IN SUBSEQUENT YEARS. END SUMMARY.

1. REFTEL REPORTS THAT GROUP OF JAPANESE FIRMS WHICH
RECENTLY VISITED PEKING CONCLUDED CONTRACT FOR PURCHASE OF
ONE MILLION TONS OF CHINESE OIL IN 1974 AT APRIL - JUNE
PRICE OF ABOVE \$14.80 PER BARREL. MITSUI SOURCE,
ASKED TO CALL AT EMBASSY EVENING APRIL
4 FOR FURTHER DISCUSSIONS OF RESULTS OF MISSION.

2. ACCORDING TO THIS MITSUI SOURCE, JAPANESE GROUP
ACTUALLY AGREED TO PAY \$16.00 PER BARREL FOR 300,000
TONS OF CHINESE CRUDE OIL TO BE DELIVERED FROM APRIL THROUGH
JUNE. JAPANESE MISSION ACCEPTED THIS PRICE, SOURCE
SAID, ON BASIS OF TWO UNWRITTEN UNDERSTANDINGS WITH
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PAGE 02 TOKYO 04529 050816Z

CHINESE DELEGATION (REPORTEDLY FROM CHINA NATIONAL

CHEMICALS IMPORT AND EXPORT CORPORATION).

THESE WERE:

A) JULY-DECEMBER 1974 PRICE WILL EQUAL C.I.F. PRICE
OF INDONESIAN MINAS CRUDE OIL IN JAPAN DURING THIS PERIOD.
(PRESENT C.I.F. PRICE OF MINAS IS ABOUT \$12.00).

B) IN 1975, PRC WILL EXPORT 10 MILLION TONS OF CRUDE
OIL TO JAPAN. ALSO, OVER COURSE OF SEVERAL YEARS, THIS
QUANTITY COULD BE EXPECTED TO RISE TO 30-40 MILLION TONS
OF CRUDE OIL ANNUALLY. (30 MILLION TONS WOULD REPRESENT ABOUT
10 PERCENT OF JAPAN'S CURRENT ANNUAL OIL CONSUMPTION.) SOURCE
SAID BOTH UNDERSTANDINGS TOOK FORM OF GENTLEMAN'S AGREEMENT
BETWEEN TWO SIDES. HE SAID HE HAD NO FURTHER DETAILS ON
RESULTS OF MISSION.

3. COMMENT: SOURCE OF THIS INFORMATION IS MITSUI
OFFICIALS WHO HAS JUST BEEN DESIGNATED (BY TOKYO GAS) TO
SERVE IN ITERPRETER/LIASON FUNCTION IN EMBASSY'S
DISCUSSION WITH TOKYO GAS ON YAKUTSK NATURAL GAS PROJECT.
IN THIS CAPACITY, HE REPLACES OFFICIAL OF MITSUBISHI,
WHO HAS APPARENTLY FALLEN FROM FAVOR FOR ONE REASON OR
ANOTHER. EMBASSY THUS BELIEVES MITSUI OFFICIAL TRYING
TO INGRATiate HIMSELF BY REVEALING WHAT HE REPORTEDLY
KNOWS OF RESULTS OF JAPANESE OIL MISSION TO PRC.
HOWEVER, EMBASSY HAS NO WAY OF EVALUATING ACCURACY OF THIS
STARTLING REPORT.
SHOESMITH

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